Revamping of agricultural credit policy

422. SHRIMATI KAMLA SINHA: Will the Minister of FINANCE be pleased to state:

(a) the manner in which Government propse to revamp the agricultural credit policy; and

(b) what steps are being taken to ensure the repayment of agricultural loans?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI DALBIR SINGH): (a) and (b) Agriculture is one of the major segments of 'Priority Sector'. Public Sector Banks have been asked to raise the proportion of their credit to priority sector to 40 percent of their total advances. Direct Finance extended to agriculture (including allied activities) are to reach 18 percent of their total credit and the advances to weaker section, which includes small and marginal farmers and landless cultivators and artisans, are to reach a level of 10 percent of their total credit or 25 percent of the priority sector advances. Against the above targets, public sector banks as a whole have extended 40.9 percent of their total advances to priority sector as at the end of June, 1991. With regard to direct finance to agriculture, these banks have extended 15.3 percent of their total advances as at the end of June, 1991. So far as advances to weaker sections are concerned, these banks have extended 9.6 percent of their total advances and 23.6 percent of their total priority sector advances to weaker sections by end of June, 1991.

The farmers all over the country are provided loans by public sector banks for the agricultural and allied activities undertaken by them on their own or through any scheme framed by Government in this regard. The financing of such activities by the credit institutions is a part of their normal lending operations on a continued basis.

A number of steps have been taken with a view to increase flow of credit to farmers, particularly small and marginal farmers. The important ones are:

1. The interest on crop loans upto Rs. 7,500- is kept low at 11.5 percent p.a.

2. Terms loans upto Rs. 2 lakhs are provided at concessional rate.

3. In the case of crop loans availed of by small and marginal farmers, the interest debited is not to exceed the principal amount.

4. In the case of crop failure, amount due should be rescheduled over a period of 3 to 5 years and fresh loans should be given to farmers.

5. No third party guarantee or collateral security is to be insisted upon for loans upto Rs. 10,000/-.

6. There should be no compounding of interest on crurent dues in agriculture sector.

7. Delegation of appropriate sanctioning powers to the rural Branch Managers so that majority of loan applications are sanctioned at branch level itself.

Reserve Bank of India have also taken various steps to improve the recovery performance of the commercial banks in respect of their agricultural advances. Some of the important steps are as follows:—

(i) Strengthening and gearing up of organisational structure at the controlling offices and field levels.

(ii) Adopting schematic approach to lending.

(iii) Toning up pre-lending appraisal system and post-lending

supervision technique involving *inter-alia* constant contract with the beneficiaries to ensure that defaults are brought down to minimum.

(iv) Launching of recovery drives with the help of State Government officials at the block level.

(v) Recovery performance is one of the items to be discussed in the District Level and State Level meetings of the bankers and Government officials.

(vi) Banks have been advised to observe one day in a week as non-banking working day for their rural branches.

(vii) Branch Managers have been advised to ensure that harvesting seasons are effectively used for recovery of dues.

The overall position with regard to performance of Public Sector Banks in the matter of lending to Pritority Sector, including agriculture, and recovery of agricultural advances by them is also reviewed periodically. Whenever any deficiencies are noticed during reviews the same are looked into for necessary remedial action. The performance is also reviewed periodically at State Level Bankers' Committee meetings.

White paper on economy

423. KUMARI CHANDRIKA PREM JI KENIA: Will the Minister of FINANCE be pleased to state:

(a) whether Government propose to bring out a White Paper of economy of the country indicating therein the position of foreign loans and the purpose for which these were taken and

(b) if so, when?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI RAMESHWAR THAKUR): (a) No, Sir.

(b) Does not arise.

Family as a unit for Income-Tax purpose

424. DR. NARREDDY THULASI REDDY: Will the Minister of FINANCE be pleased to state:

(a) whether there is any proposal under Governments consideration to treat family (husband, wife and minor childern) as a unit for Income Tax purpose;

(b) if so, the details thereof; and

(c) if not, the reasons therefore?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI RAMESHWAR THAKUR): (a) to (c) No Sir. The proposal has been examined in the past but was not found to be feasible from the social, economic and administrative stand points.

Meeting the BOP Crisis

425. SHRI SURESH PACHOURI: Will the Minister of FINANCE be pleased to state:

(a) whether it is a fact that Aid India Consortium have pledged a substantial assistance of foreign exchange to our country;

(b) if so, what are the details thereof;

(c) whether it is also a fact that India has also got loans from IMF, World Bank and some countries abroad;

(d) if so, what are details thereof;

(e) whether Government have no other option to meet the BOP crisis; and